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## I. General Introduction

An unprecendented level of economic activity was maintained in Nigeria throughout 1949. Exports, which were valued at about £57,000,000, broke all previous records and imports, about equal in value, also reached new heights. More shipping came into and left Nigeria's ports during the year than ever before and the railway, in spite of labor troubles, carried a record amount of tonnage. The Post Office Savings Bank, principal depository for most Nigerians' surplus cash, recorded the highest deposits ever and the returns from Company Taxation indicated that most businesses had enjoyed a successful year. Government Revenue realized should be about £30,000,000, some £5,000,000 over estimates and while expenditures were also up it was believed that by the end of the fiscal year in March, 1950, there would be a surplus of about £1,500,000.

Goods, mostly cocoa and goat skins, valued at over £8,500,000 were sold to the United States, more than last year. Purchases from the United States were valued at only £1,900,000 and reflect the careful planning of the Government to restrict dollar purchases as much as possible. The United Kingdom remained the major source of both imports and exports and Occupied Japan and Germany also supplied substantial quantities of imports mostly in the form of cotton piece goods.

Prices paid to the producer for items which were exported were higher than ever before and thus a higher degree of prosperity was enjoyed. In Government circles it was realized however that Nigeria's raw materials now in world demand and therefore able to command high prices would not always be in such a fortunate position and reserves were accordingly being built up. As the year ended it seemed evident that because of abnormal rains the major agricultural crops would be considerably less than the excellent ones harvested and sold in 1949.

Devaluation of the British West African pound brought with it some increases in prices of imported goods and even sharper increases were anticipated as stocks of goods on hand were consumed. Yet in spite of the rise in prices for both exports and imports the amount of money in circulation remained almost steady throughout the year at slightly over £31,700,000.

Probably the most significant internal development was the establishment in April of three new Boards to control and regulate the purchase and marketing of oils and oilseeds, palm produce and cotton. These Boards now control all major exports from Nigeria with the exception of timber and hides and skins.

It was a period of turbulent and uneasy labor troubles which seemed no nearer solution at the end of the year than at the beginning. There were several costly strikes and one in the

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Government-owned Colliery erupted into rioting in which over twenty people were killed.

By any standards it was economically a prosperous - almost a "boom" - period. Whether this pace could be maintained and even advanced was the main concern at the end of the year of both Government and private business: a threatened over-supply of commodity goods and rising inflation were danger signals on the horizon as were political unrest and labor troubles.

(Note: Nigeria's currency, the British West African pound, was equal to $4.03 until September 19 when it was devalued to $2.80).

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## II. Internal Trade and Commerce

### (a) Agriculture

All of Nigerian crops which were harvested in the first six months of 1949 were in almost all cases above normal, and some broke all previous records. This was mainly due to adequate rain during the planting season in 1948 and to high prices either guaranteed by the Marketing Boards or prevailing in world markets. In the latter half of the year as it became evident that the rains were being delayed in the vast farming areas of the North the realization grew that both export and food crops would be smaller than usual. In the South in the cocoa growing area there was a plethora of rain which brought with it Black Pod disease and accordingly a reduced cocoa crop. Since most of the crops planted in this unusual season had not been harvested by the end of the year full results were not known. All estimates were sufficiently down over the previous crop to bring about a somewhat pessimistic feeling at the end of the year.

Nigeria's cocoa crop is her chief dollar earner; 100,000 tons is generally regarded as a more or less normal yield but this figure was exceeded by 8,000 tons in the 1948-49 crop. A marked decline in the price of the cocoa bean in the New York market which began in late 1948 continued throughout the 1948-49 cocoa season, yet in spite of the persistently low prices the Nigeria Cocoa Marketing Board, which controls all exports of Nigerian cocoa (and none is processed locally), was able at the end of the season to announce that a profit of £500,000 had been realized.

Of the 108,000 tons exported 46,543 tons went to the United States the sale of which earned approximately $19,000,000 for the country. The United Kingdom purchased 47,000 tons valued at over £6,000,000. In the midst of the season all international controls over the allocation of cocoa were dropped and because the prices on the New York market remained slightly lower than those in other countries Nigeria began to sell to soft currency areas. Exports of cocoa beans by country of destination are given in Appendix I.

Through the persistent efforts of the Cocoa Marketing Board and due to the success of its scaled price policy which varied according to the quality of beans offered the quality of Nigeria's cocoa again increased in 1949. In 1948 47% of all beans exported were in Grade I while in 1949 the percentage in this grade had increased to 76%. At the beginning of the 1949-50 season the Board announced it would no longer purchase beans in Grade IV and at the end of that season only beans in Grade II or better would be purchased.

The Cocoa Marketing Board ended the 1948-49 season with an overall capital estimated at £18,500,000. With such a substantial

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sum at its disposal and because of its record of having been able to maintain for over nine months a promised price to the Nigerian producer which turned out to be substantially higher than that prevailing on the world market the Board's prestige was high. There was some criticism of the Board and its policies but it was mainly from either uninformed sources or from individuals who wished to make political capital out of the issue. There was no constructive criticism or any proposals to substitute any plan alleged better to guarantee a steady price to the producer. The Yoruba farmer who grows the cocoa is more easily adaptable to such a paternalistic, protectionist policy than is the Northern or Hausa farmer.

Early in the year it was optimistically believed that the spread of swollen shoot, the most virile and drastic disease affecting Nigeria's cocoa industry, was virtually under control. It soon developed, however, that in spite of 800,000 trees having been cut out and £100,000 having been spent on both compensation and labor the disease was by no means under control and accordingly the Cocoa Board allocated an additional £61,000 to continue the project. By the end of the year some progress had been made but the problem continues, although even at its worst the disease has never appeared to be the catastrophe it is in the Gold Coast.

There is apparently no concerted effort as yet either to replace those trees cut out because of swollen shoot or to extend the acreage under cultivation. As with most agriculture in Nigeria the cocoa farms are very small and scattered usually averaging slightly less than 3 acres a unit. With such a multitude of small areas to work with, the Agricultural Department finds itself unable adequately to supervise either planting or replanting although it does offer seedlings free of charge to all who want them. Unfortunately because of the very late rains in 1949 it is believed that practically all the seedlings planted early in the season were killed.

Most of the cocoa trees grown in Nigeria are located in the Western Provinces around Ibadan and Oyo; other smaller groups are grown in the Cameroons region and since so far these trees have remained untouched by swollen shoot there are being developed plans for extending the acreage in that area. There are some 60,000 acres of trees now producing in that region and although a nursery of trees is underway no final goal of the extent of the increase has yet been announced.

Because of the heavy and late rains in 1949 the season which formally opened on September 24 was expected to be an inferior one. By the end of the year it looked as though the exports might be down as low as 80,000 tons (as compared to 108,000 in 1948) but some estimates were even lower. This drastic reduction was almost entirely due to Black Pod disease which occurs when rains are late and heavy; it can be controlled if the farmer is conscientious in looking after his trees but the farmers were

apparently unwilling to undertake the extra work involved.

The revised prices announced by the Board for the new season represented a substantial reduction over those prevailing in 1948-49. The price paid the producer for Grade I beans was decreased from £120 to £100 a ton; other reductions were from £115 to £95 for Grade II; and from £105 to £75 for Grade III. These lower prices were of course directly due to the fall in prices which occurred early in the 1948-49 season. Shortly after the new prices were announced devaluation occurred which of course meant the Board was in a sounder position versus the world market and could well stand the low prices then prevailing. As the prospects of a below normal yield in both Nigeria and the Gold Coast became more certain the world market price for cocoa increased so that while in September the New York price was about 18 cents a pound in December it was in the low or middle twenties, all of which transpired to mean that the Board again stood to realize a substantial profit. Because of the late rains purchases of cocoa beans at the end of the year were considerably behind those of the same time in 1948. Exports were accordingly behind those of last year but there were indications that the United States would again purchase a substantial tonnage.

## Peanuts and other Oilseeds

Purchases of peanuts for exports in 1949 were about normal, at 328,000 tons, shelled. As usual all exports went to the United Kingdom. At the end of the year prospects for the then maturing crop appeared even more dismal than for cocoa; because of late, light and badly distributed rains it seemed inevitable that the exportable portion of the crop would be as low as 200,000 tons, shelled nuts, and some commercial buyers were even sufficiently pessimistic to place the total at 175,000 tons.

The Oilseeds Marketing Board officially came into being in March, 1949, but a shadow board had actually begun operating at the opening of the season. Prices established for the 1948-49 season were £19-4-0 a ton and this was increased to £21-4-0 a ton for the following season in the hope that the higher price would act as an incentive for the farmer to increase the acreage under cultivation. Like cocoa Nigeria's peanuts are grown on plots about 3 acres in extent and over an enormous and widely scattered area. Thus it is always guess work as to total acreage. However, because of the higher price and from the quantity of seeds distributed at planting time it was believed the acreage was equal to or superior to the 1948-49 season. Thus the substantial reduction that is expected in the current crop comes as a bitter blow to the hopes of increasing the exports of peanuts this year.

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There are, however, ambitious plans to increase the quantity of peanuts to be exported; the increase is to come from increased yield rather than increased acreage and will be accomplished, it is hoped, by the use of superphosphate fertilizers in the form of small pellets which can easily be planted along with the seed. An increased yield of 90,000 tons a year within five years is hoped for.

Although the pyramids of stacked peanuts near the railheads in the North were not removed entirely during 1949 there were substantial reductions made. Because of the arrival of new rail equipment monthly shipments increased from an average of 30,000 tons in the early months of the year to about 40,000 tons at the end of 1949. If this new average can be maintained, and there is every reason to believe it can be and possibly slightly exceeded, the entire backlog and even the new crop should all be moved to the seaports by the time the new season begins in November, 1950. The small size of the current crop will of course make this goal the more easily obtainable.

Sesame is still a fairly minor oilseed export from Nigeria although in the past three years there has been a substantial increase in the quantity available. In the 1947/48 crop the export was 9,300 tons; in 1948/49 it was 15,671 tons; and this was expected to be increased to slightly over 17,000 tons in 1949/50. It was not believed however that this increase will continue indefinitely and a figure of 20,000 tons is believed maximum. Average yield per acre is about 250 lbs.

It is planned next season to include this crop under the controls of the Oilseeds Marketing Board at which time inspection will begin. The price paid in the 1949 season was £20 a ton; all exports were for the United Kingdom.

Sunflower seed is in the curious position of receiving a certain amount of Governmental disapproval because of the ease with which it grows in areas where cotton and peanuts also flourish. Because it is more easily harvested and cultivated than the other two crops it has gained a certain popularity with the farmers. Its price per ton, £20, makes it equally attractive. It is still a very minor crop, is under no control or inspection by the Marketing Board, and it is doubted that in spite of the ease with which it grows it will be of much importance. Some 70 tons were exported in 1948/49 and largely because of lack of encouragement this tonnage was reduced to 66 tons in the 1949/50 crop.

Soya beans suffer from the same Governmental disapproval as do sunflower seeds. Here the danger is even more marked since exports in 1948 were 700 tons and this increased to 1010 tons in 1949. Every effort is being made to encourage the growth of this crop in the so called Middle Belt along the Niger and

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Benue River Beds instead of in the Northern Provinces. Both soya and sunflower seeds are almost entirely export crops; some sunflower seeds are used for animal food and there have been efforts to encourage the consumption of soya as food but without much success.

## Cotton.

The quantity of cotton, 47,904 bales of 400 lbs each, purchased for export in the early part of 1949 from the 1948-49 season was the second highest on record; only 18,442 bales were purchased for export in 1948. Encouraged by this high production every effort was made by the Cotton Marketing Board to plant an increased acreage in the fall of 1949 and on the basis of seed distribution and preliminary estimates it is believed the area under cultivation was enlarged by about 10 percent to make a total of nearly 500,000 acres. However, the late, light, and badly distributed rains took their toll and it is believed the quantity available for export, in spite of the increased acreage, will be about the same as last year. All exports will go to the United Kingdom.

There is an enormous domestic demand for cotton for use in hand woven textiles but no very firm guesses have ever been advanced as to the quantity so used. There is a large amount of cotton grown in the Southern part of Nigeria but none of this is purchased by the Cotton Marketing Board for export. The price paid for cotton in the current season is the same as that for last year, 3.9d or 4d per lb depending on quality. In certain seasons of the year when local demand is high prices up to 6d per lb have been paid by domestic weavers.

Every effort is being made to increase the exportable portion of cotton; the use of superphosphate pellets is believed to be as effective with cotton as with peanuts and it is hoped next season to have a sufficiently large supply on hand to act as an effective "pilot scheme" to demonstrate its value to the native farmers. The Cotton Marketing Board has allocated money for the project and plans to continue to do so for at least five seasons.

The British Cotton Growing Association is also encouraging the possibility of increased production and has sent to Nigeria an entomologist and research assistant to offer their services to the Government.

The extent to which cotton can be increased as an export crop is problematical. Locally, by the farmers, it is regarded as a third preference crop coming after millet and shorgum which are domestic food crops. Cotton is used to some extent to break in new, exceedingly hard, ground and is regarded as a cash crop to be planted after the food crops are in. This lateness in being planted is often, as it was in 1949, instrumental in causing

a small yield. Until the discovery of the value of superphosphate to the cultivation of crops in the Northern Provinces little or virtually no fertilizer was used in growing cotton. This fact and the desultory manner in which it is planted has resulted in a very low yield per acre; it is now about 400 lbs of lint for every 10 acres. The average strand is about 1 1/8 inches long which is satisfactory for the English mills.

Palm Produce

Exports of both palm oil and palm kernels in 1949 were slightly in excess of those for the preceeding year, which was the highest on record. The increase is attributed largely to the recent high prices paid; in 1948 £26 per ton was paid for the kernels and £42-15-0 for Grade I oil. In 1948 128,500 tons of oil and 328,780 tons of kernels were shipped; in 1949 some 160,000 tons of oil and 352,000 tons of kernels were exported.

The emphasis and encouragement the Government has given the use of hand presses and pioneer oil mills is now resulting in an increased yield of the oil. It is estimated that by hand extraction but 55 percent of the oil is removed; some 65 percent by hand press and 85 percent if the pioneer oil mill is used. Large, expensive mills are believed to extract up to 93% of the oil but are believed to be practicable only on large plantations of which there are very few in Nigeria.

The Eastern Provinces are the center of the palm produce industry. At the end of 1949 there ware 1,300 hand presses in operation in that area and a large commercial firm hoped to introduce an additional 1,000 in the first six months of 1950. These mills have become so extremely popular and the supply at times so short that they have been black marketed at about £10 over the normal price of £35. The hand press produces a higher quality oil and thus realizes a higher price which has accounted for their enthusiastic reception.

Pioneer oils mills, which cost about £5,500 completed, are also increasing in popularity. There are now seven in operation in the Eastern Provinces and seven more are being erected and nearing completion. Fifty more are on order and are expected to arrive by January, 1950; if all goes well there are plans to order another fifty. Of the seven now working two have been handed over to African business men by the Government, on a loan-mortgage basis and it is announced policy to hand over as many mills to competent Africans as is possible. The location of the mills has depended on their popularity which was at first not much in evidence. The success of the mills because of the increased quality and quantity of the oil, together with the Government's policy of handing over management of the mills to Africans appears to have facilitated their acceptance and greatly increased their popularity.

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On the basis of an 8 hour day one mill can handle about 100 tons of fruit a month; during the height of the season, January to June, a double shift is ordinarily worked.

It is hoped that by the increased use of these mills the quality of Nigeria's palm oil will be improved. To date only a small percentage is extracted by hand presses or machinery and the laborious and inefficient extraction by the old pestle-mortar method remains the most widely used system.

Other Export Crops.

The export of bananas from the Cameroons area greatly increased in 1949; there were 2,623,677 stems exported in 1948 and 5,800,000 exported in 1949, all to the United Kingdom. There are plans to extend the acreage under cultivation over the next five years by about 5,000 to reach a total of about 20,000 acres. It is expected the yield will thus gradually increase to about 8,000,000 stems a year; it is anticipated that all exports will go to the United Kingdom. The variety grown is "Gross Michel".

The quality of Nigerian tobacco is not particularly good but it is acceptable for use in locally manufactured cigarettes when properly blended with other tobacco imported from the United States and Kenya. Increased quantity and quality is being greatly encouraged by the British-American Tobacco Company which recently erected a new factory for the manufacturing of cigarettes. This company is distributing seed free of charge and is sending instructors into the country to help in its cultivation. In order to keep the price of locally manufactured cigarettes low the company is unable to offer high prices and thus crop yields have not been as large as were hoped for. In 1948-49 some 500,000 tons were purchased for use by the company; it is hoped 750,000 tons will result from the current season. An unestimated quantity of tobacco is consumed in pipes and local crudely made cigars and cigarettes.

The production of ginger is centered in the North in Zaria Province. During the war it received a certain stimulus from governmental encouragement; it has now been decided that if the crop cannot stand on its own in the export markets it had better be forgotten. Annual production for export has been about 80 tons; it was 82 in 1948 and was expected to be about the same or 82½ tons in 1949.

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(b) Mines and Mining

It was a rather encouraging year for the tin mining interests in Nigeria because of the high prices which prevailed throughout the period. The average price paid in London for Nigeria's tin for the first nine months of 1949 was £569 and after devaluation this was increased to £584. It is expected in mining circles that these prices will continue to increase in 1950. These high prices make it economically possible and profitable to work areas that would otherwise have been by-passed because of the low ore content.

In the first nine months of the year production was 9,057 tons; it was expected that the monthly average of 1,000 tons would be maintained and that most ore would be exported within a month of its being processed thus 1948's exports of 12,113 tons should be matched. Most mines are working 22 hours a day.

In 1949 two small wage increases were given the daily laborers but as the year ended there was the threat of strikes because of demands for additional increases. The wage paid at the end of the year was 1 shilling 7 pence plus living accomodation and a guaranteed minimum (which means subsidized) price for basic food items. The labor supply ordinarily numbers about 50,000 but is very flexible. It is quite customary for casual laborers to walk several hundreds of miles to work for only two or three months a year to earn needed tax money; there is always a small hard core of about 15,000 regular employees but the others work only as they must. Because nearly all the tin mines are very shallow it is more efficient and economic to use manual labor; most of the work is simply removing (usually in head pans) the top soil and eventually the soil containing ore and thus no training is required. Because of the shallowness of the mines there are few deaths; in the first eleven months of 1949 there were only eight fatal accidents and most of these did not happen in the big mines but were individual Africans mining abandoned holdings.

Estimates of the cost of extraction vary; on a general average in a cubic yard of earth in the mines there is from .7 to 1 lb of ore; a pound of tin at present prices in worth 4 shillings and 6 pence and it is believed to cost from 9 pence to 1 shilling a cubic yard to remove the ore. To this must be added royalties, overhead, etc. so that total cost of processing a pound of tin would probably average from 3 shillings to 3 shillings and 6 pence per pound. It is believed that some of the small independent miners average better than this because of less over-head.

The estimated production of 12,000 tons a year is removed by a variety of companies and individuals. Nearly half of the total production is accounted for by one firm; five other companies extract a third and the balance is removed by

small independent firms or individual miners. Nigerian tin for purposes of royalty payments to the Government is supposed to have 72.5% metal content, but in actuality it is probably up to about 74% as a result of better processing and separation methods.

There has been much discussion in Nigerian mining circles since the war as to the probable extent of the tin reserves in this country. In 1948 there was general pessimism which was somewhat relieved during 1949 because of various new deposits that were found. Most of these were found on land which had long been held by mining companies and were discovered as the result of a careful re-evaluation of resources which is being conducted by the leading firms. Conservative estimates are that the annual production of 12,000 tons will in all likelihood continue unimpaired for at least another ten years after which there should be a decline of 1,000 or 2,000 tons a year until there is an annual production of 2,000 tons for an indefinite period.

It is believed that the various mines work about 500 acres a year; under the recently inaugurated system of land reclammation the Government would like to take back at least 200 acres a year but because of recent new finds on land that had once been worked over it is doubted that any such acreage will voluntarily be released. In the two years in which reclamation of relinguished holdings has been obligatory about 100 acres have been partially rehabilitated; it will be several years before this land can be used for farming again but this is the ultimate aim. Under present legislation the mining interests are required to refill the excavations they have made and the Government then undertakes to fertilize and enrich the reclaimed land, preparatory to turning it over to local farmers.

On the basis of the first nine months production of columbite it appeared evident that the total produced in 1949 would be about 100 to 50 tons less than the 1,096 tons exported in 1948. By the end of September, 1949, 183 tons had been exported to the United Kingdom and 508 to the United States. The somewhat larger exports in the past few years were due to the reworking of old dump piles by newly imported machinery; it is believed that in the neighborhood of 1,000 tons a year will be produced for at least the next five to ten years.

The surveys recently begun in the Eastern Provinces of known lead/zinc deposits continued in 1949 and are expected to continue for one or two more years before production can be expected to begin. Diamond drilling and prospecting shafts are now going on and samples are being examined. The strikes discovered are believed fairly good; one vein was estimated to have a value of 6% lead and another 4.5% lead.

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The location of the mines has posed certain problems; they are about 30 miles from Cross River and about 75 miles from the nearest rail line; it has not yet been determined whether to evacuate the ore or to build a smelter nearby. Although building a railway would not be too difficult or costly over the 75 miles there is the added problem of the existing rail congestion between Enugu and Port Harcourt (the nearest sizable port) which would have to be solved.

Annual production of Nigeria's coal is about 600,000 tons; in 1948 it was 607,757 tons but in 1949 because of continued labor troubles which eventually erupted into riots production was considerably below schedule, total tonnage removed having been but 524,007 tons. The normal monthly target is 50,000 tons and that was attained only three times in 1949.

The coal of Nigeria is not of high quality but it is virtually the only coal deposits along the West Coast of Africa; the Nigerian railway normally consumes 365,000 tons a year and the rest is used for fuel in power plants and other industries except for a small tonnage sent to the Gold Coast and Sierra Leone for use in their railways. It is believed that could production be increased it could be exported to the Belgian Congo and neighboring French Colonies but only if the coal can be removed at an economic price. At the moment because of labor disturbances and lack of proper machinery it is almost economically preferable to import coal from Europe which is better in quality . The pit head cost of a ton of Nigerian coal is placed at 25 shillings which is judged exceptionally high.

Reserves of the coal are believed quite ample; the Government recently estimated them at from 17,000,000 to 20,000,000 tons.

In an effort to improve both output and reduce costs the Enugu Coal Board was instituted in late 1949. It had held but one meeting prior to the occurrence of riots in the mines. There are plans to utilize more machinery and otherwise modernize production methods but this will require funds which are not at the moment available on the scale required.

There were 2,272 ounces of gold (880 per 1,000 parts) extracted in the first nine months of 1949 which indicates total production will be below the total output in 1948 which was 3,294 ounces. In 1948 only 42 ounces were exported and a similar figure appeared likely for 1949. This was because of the high demand in Nigeria for gold in the form of jewelry; the demand was so high that prices paid were generally somewhat higher than those prevailing in London.

On the basis of production in the first nine months it seemed likely that the normal two tons of tantalite and three

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tons of wolframite would be produced. One of the largest tin mines recently imported new machinery for the extraction of monocite which contains thorium; operations began too late in the year for other than sample production and it is anticipated that only a few tons will be separated each year.

There have been explorations for mineral deposits in the Cameroons area for the past two years but no announcements have been made. It is reported that isolated traces of minerals have been located but nothing that is believed of commercial value has yet been found.

The Shell-D'Arcy Company continued their survey for oil deposits of the Warri-Onitsha area using seismic equipment only. No announcements have been made but the continuance of the explorations and the increased size of the team leads one to believe there must be some evidence of existing oil deposits. The survey has been the subject of much villification in the local press as a result of political unrest in the areas in which it is working but there is no evidence on the part of the company of a desire to relinquish the project.

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(c) Forest Products

The sales of Nigerian logs and timber are one of the few relatively important exports not subject to control. During 1949 as in other years since the war the majority of exports went to the United Kingdom; small shipments went to Sweden and Switzerland and (Western) Germany resumed purchases for the first time in a decade. No complete statistics for the entire year are available but on the basis of figures for the first nine months of the year it seemed likely that exports would probably be 200,000 to 300,000 cubic feet in excess of the 4,064,392 cubic feet exported in 1948.

Prices remained relatively stable until the devaluation of the British West African pound; in January, 1949, mahogany logs were selling for about £12-10-0 a ton while in December they were selling for £14-0-0 a ton for good mahogany and for about £18-0-0 a ton for logs suitable for plywood use.

Only a very minor quantity of Nigerian timber went to the United States; the small Nigerian exporters have so far failed to redeem themselves in the American market. In an effort again to sell to the United States and also to maintain and improve the quality of exports the Government decided late in the year to institute a form of voluntary inspection over exports.

The scheme was fully in operation for but the last two months of the year and while it covered but a small percentage of the average monthly exports of 350,000 cubic feet it was believed that it would result in improvement of quality and a lessening of trade complaints from dissatisfied customers. The system is voluntary and may be used at the request of either the purchaser or exporter. The Government-issued certificate of inspection states that the timber appears to meet the specifications called for in the contract. Even though the inspection is superficial in nature it is hoped this gesture may go far toward halting the unfortunate practices of unscrupulous (and often simply inexperienced) exporters.

The United Africa Company plywood factory was in full operation for the first time in 1949 and work had progressed substantially on the installations for the new Sawmill.*

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* Both of these establishments are discussed in the section on Industrial Development.

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(d) Hides and Skins

As a dollar earner Nigeria's hides and skins industry is exceeded only by cocoa exports. In the third quarter of 1949 controls over the exports of goat and sheep skins were removed and at the end of the year controls over hides were also lifted. Exports of skins have remained fairly constant over the past few years at 5,000,000 goat skins and a little less than 1,000,000 sheep skins. The United States is an important customer. In 1948 over five and a half million pounds of goat and sheep skins were sold to the United States valued at about £1,500,000. This was expected to be equalled or surpassed in 1949. By June of this year over $3,000,000 worth had been sold to the United States.

Prices paid in Nigeria increased throughout the year; this tendency was of course further stimulated by the devaluation of sterling. It appeared likely that prices would continue high although the industry believes that if these continue to increase Nigerian skins and hides may eventually be priced out of the market.

The quality of Nigeria's hides and skins is high and because of a rigid and well-enforced inspection system they are likely to remain high.

There is no reason to believe that Nigeria's hides and skins exports will increase or decrease very much in the foreseeable future. It is believed that the countryside could not support many more and the high prices are unlikely to allow any decrease. Legislation forbidding the killing of immature animals is well enforced.

Most hides and skins are exported in an untanned state; during the year under review one of the large European firms opened a modern tannery using some native tanning fluids and methods combined with European techniques. Output is still fairly restricted and will remain so until the success of the methods being used are fully tested.

A few reptile, leopard and other skins are also exported but the number is small in comparison to goat and sheep skins.

Livestock

A substantial revision upward was made of the estimated quantities of livestock in Nigeria by a special mission sent out by the United Kingdom. After an extensive tour and study the mission was inclined to estimate the number of cattle at from seven to eight millions or one million higher than any previous estimates. It is believed that annual slaughter is from 650,000 to 750,000 heads.

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Research on antrycide and its effectiveness against the tsetse fly has led the Veterinary Department to feel that while the new drug is undoubtedly of considerable value some of the initial enthusiasm was possibly unwarranted. A new research laboratory, the West African Treponemiasis Research Center, located at Vom, Nigeria, has been in existence slightly over a year but is still very much in a formative stage. It is planned to center all treponemiasis research to be conducted in the four British West African colonies in this one center.

Experiments were also begun to cross the indigenous Fulani cattle with a breed imported from French Senegal which is immune to Treponemiasis. It is hoped that by cross-breeding this immunity can be transferred to the Fulani cattle. From a very tentative and preliminary experiment it was learned that of a dozen Fulani, a dozen Senegalese, and a dozen cross breds all of which were exposed to treponemiasis nine of the Fulani cattle were found to have a positive reaction to the disease and one died; of the Senegalese cattle all were immune, and of the cross breds, there were but three with positive reactions. The cross breds are a rather handsome lot, brown in color being a cross between the white Fulani and black Senegalese; they have almost no hump, in contrast to the Fulani..

The Veterinary Department continues to produce about 250,000 pounds of butter a year and about fifty tons of butter fat which is sold within the country.

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(e) Commodity Supply Situation

In 1949 more stores were better supplied with general goods throughout Nigeria than ever before. In fact by the end of the year it was generally believed that many of the small traders were over supplied, particularly with cotton piece goods, Nigeria's most important single import. There were no marked or sustained shortages of any imported goods. Prices were high and rose throughout the year but the goods were available.

With devaluation the Government exerted pressure (more or less successfully) on retail outlets to dispose of goods purchased at the former rate of exchange at no increase in price. This worked so well that by the end of the year while the cost of living had increased it had not risen the 30% to 40% which is anticipated when the full effects of the new rate of exchange is finally felt.

Ordinarily Nigeria imports and consumes from 100,000,000 to 110,000,000 square yards of cotton cloth which usually is purchased in five yard pieces and forms the native dress. During 1949 imports were believed to be about 180,000,000 square yards; some of this excess was due to delayed orders being fulfilled but much of it was due to unjustified optimism of the spending habits of the Nigerian farmer, particularly the cocoa farmer whose income was doubled in the 1948/49 season. Most of the cloth imported came either directly or indirectly from occupied Japan and Germany. It was estimated that about 60 million square yards came from Japan and Germany but were finished in the United Kingdom and 40 million from Japan and 30 million from Germany came direct. The United Kingdom provided 24 million square yards, India 10 million and France, Italy, Holland, Austria and Spain together sold 15 million square yards. The United States supplied Nigeria virtually no cotton goods except in fulfilling a few long delayed orders.

At the end of the year this enormous surplus of cloth was quite apparent, particularly in the small shops, and it was believed likely that many stores would be forced to sell at a loss in order to clear their stocks and realize some cash.

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(f) Labor

It was a turbulent year for labor relations; there were threatened strikes, real strikes, and finally riots in which twenty-three individuals were killed. It was a period of mistrust, apparent irresponsible leadership in the Unions; a period of new unions and the disintegration of old ones. In short a period of flux from which anything might emerge.

Early in the year there was disagreement among the leaders of the Trade Union Congress of Nigeria as to the role politics was to play in the affairs of the largest labor organization in Nigeria. An extreme faction insisted that the Union must actively support what is probably the most militant political organization in the country, the National Council for Nigeria and the Cameroons, a nationalist group. Other leaders disagreed and after it became apparent that the Congress as a whole could not be influenced the more fervid nationalists resigned and formed a more militant organization called the Nigerian National Federation of Labor. By the end of the year both groups were still in existence and the expected swing to the Federation had not materialized to the extent anticipated.

In the first quarter of 1949 there was a strike affecting the maritime workers; in the next quarter there occurred the protracted negotiations involving the threatened strike of the 21,000 African employees of the United Africa Company; in the third quarter the Nigerian Railway was halted for three days because of labor troubles; and in the fourth quarter the situation got completely out of hand with a strike by the laborers on the banana plantations in the Cameroons Development Corporation which was followed by the slow down in the Enugu coal mines. This last incident developed into an ugly situation which eventually erupted into rioting, looting, and the killing of over a score of workers by the police who were endeavoring to restore order. In all over one half million working days were lost in 1949 due to strikes.

Throughout all these major strikes - and there were many other minor ones - there were everywhere evident signs of irresponsible leadership on the part of the union heads who appeared to be of the opinion that nothing was ever lost by a strike and occasionally there was much to be gained. It appeared that until the riots in November there was no deviation from this approach. The shooting stunned the entire country into an awareness of the seriousness of the situation; everyone seemed heartily to support the Commission of Inquiry which was established to investigate the causes of the trouble.

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It was realized by Government that inflation and the attendant increased cost of living was to a large extent the immediate reason for labor's unrest and in many instances wage scales were increased by an order in Council. This was done for the workers employed in the tin mines; for employees in the Lagos area who drove trucks and for laborers on the plantations owned by the Cameroons Development Corporation. In private business the United Africa Company gave an increase to its employees and this is believed to have been instrumental in averting a scheduled strike.

The labor legislation of Nigeria is very advanced for an economy as undeveloped and artificial as exists there; it appears to be a model that covers almost every phase of labor relations. Because of its completeness and the lack of development in the country it is rare that legislation of fundamental importance occurs; however, one or two corrections of contradictory passages were made.

Within the authority of existing legislation the Commissioner of Labor decided to de-centralize his department and in line with existing trends of Government there were established Regional Labor Offices at each of the three Provincial Secretariats with corresponding jurisdiction.

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(g) Building and Construction.

No major Government or private buildings were completed in 1949 but many were started and continued. Three large general trading stores had grown so large that it became necessary to enlarge and remodel them into Department Stores. In addition several branches of existing stores were erected on the edge of the European residential area. The Government began its plan to center as many of its buildings as possible in one area by beginning construction of a new large structure to house the Posts and Telegraph Department.

Experienced, trained craftsmen are so rare and so expensive that more and more items are being imported than in the past. It was recently established that an ordinary door and frame made by local carpenters from Nigerian wood costs about £7 while an imported metal frame and door with glass insets will only cost £6; for the metal frame the maintenance is less and life longer since it is impervious to termites.

In general building supplies were ample for the first time since the war, with the occasional exception of some steel, and metal roofing. The introduction of aluminum as a roofing material proved very satisfactory and popular; it appeared to throw off more heat than tin roofs and its light-weight was also welcomed. Because so much of the materials must be imported houses are very expensive in Nigeria; small, two-bedroom residences are now costing from £5,000 to £7,000 to erect.

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(h) Transportation and Communications

Roads

Some 297 miles of roads were added to Nigeria's network during 1949 making a total of 26,242 miles; of this 835 were bituminous surfaced and the remainder with earth or laterite. The country is now well connected by roads and during the dry season (November to June) they are in a reasonably good state.

It has been decided that it is economically unfeasible to tar a road until a minimum daily traffic of 100 vehicles has been attained. This minimum is met mostly by trucks bringing peanuts to the railway in the North and cocoa in the West and in these areas progress is being made. Because all tar must be imported it costs about £1,000 a mile to cover an existing road. This figure includes the cost of establishing a six inch gravel base; annual maintenance costs are about £100 a mile.

The vast majority of Nigeria's major roads are made of laterite which is a form of gravel mixed with ironstone peculiar to Africa. It fortunately contains substantial quantities of clay and can be easily put down damp and rolled. It is readily available in nearly all parts of the country; because of its ubiquity and the ease with which it can be applied the cost is relatively low, about £200 a mile excluding bridges and culverts; if these are included the increased cost is estimated at another £300 a mile.

Most work in 1949 was done in the Northern Provinces in an effort to facilitate evacuation of peanuts. These roads for the most part centered around Kano which is the railhead for shipment of the nuts. Possibly the most significant road completed during the period under review was that between Enugu and Manfe which offered a connection between the British section of the Southern Cameroons and Nigeria for the first time. Heretofore the only means of access to the Cameroons has been by sea or air.

Railroad

The Nigerian Railway carried over 1,800,000 tons of goods and 6,100,000 passengers during 1949. In spite of labor troubles in the middle of the year and a scarcity of coal in November due to the strike in the Enugu coal mines the railroad transported 376,095 tons of peanuts from the North to seaports, a record-breaking figure. Plans were drawn up for enlarging and modernizing the railroad stations at Iddo (Lagos), Ibadan, Zaria and Jos and formal approval for the extension of the existing railroad from Nguru to Maiduguri via Gashua and Damatura was announced. This 230 mile extension into the Lake Chad region has long been wanted and needed; an aerial survey has already been completed and it is

hoped actual construction can begin in the near future.

The railway's revenue in 1949 amounted to £5,900,000, the highest ever, but expenditures were also high, £4,800,600. In 1949 some 39 new locomotives were received, 27 from the United Kingdom and 12 from Canada. Other equipment delivered consisted of 291 new wagons and 12 new Third Class Coaches, all from the United Kingdom. About 50 miles of single line rail was relaid during the year, most of which was centered in the Northern Provinces near Minna and Zaria. In addition some 28½ miles of sleepers were relaid between Iddo (Lagos) and Ibadan and between Port Harcourt and Enugu. The doubling of the entire track has been proposed but because of the expense involved it will have to be postponed on any large scale. It is proposed to double the line from Iddo (Lagos) to Kajawla, about 25 miles distance, which, it is estimated, will cost £250,000.

In March a violent tornado wrecked two 80' high towers used in unloading coal in Lagos. Their collapse dislocated the coal supply of the Western Provinces causing considerable disruption to the economy of that area. Temporary arrangements were made for handling the coal by small mobile conveyors pending the construction of new transporters; however most of the work in 1949 was done by laborers head-panning the coal.

In spite of the continued use of much wornout equipment the railroad performed a creditable service in moving south to the seaports most of the freight accumulated during the year. The exception was the enormous backlog of peanuts located in Kano but even these pyramids should be removed by the beginning of the 1950 harvest. For the first time in a decade it appeared that the Nigerian Railway would be able to transport most of the goods and freight expected of it without undue strain. This was a notable performance for a relatively small line to accomplish without expansion when the freight within the country had at the same time increased enormously.

## Shipping and Harbors

In 1949 more ships visited Nigeria than ever before; in Lagos, the principal harbor, the number more than doubled. In 1948 some 1,382 ships arrived whereas in 1949 the total was 3,119, the majority of which were British. There were 62 ships either owned or chartered by United States Shipping Companies; this represents a reduction of seven from the number that called in 1948 which is probably ascribable to the tightened controls over dollar purchases and correspondingly smaller imports from the United States.

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Because of this very real increase in the number of ships which visited Lagos the harbor became enormously overcrowded throughout the year. Accordingly a berthing committee was established with Marine Department assistance to solve the congestion and although improvement resulted the harbor facilities remained overtaxed and inadequate which meant that ships were forced to anchor outside and wait their turn. It will be at least five years before any real relief is available; by that time the new, enlarged wharfs at Apapa should be completed. Plans for their constructions were finished and approved in 1949 and it was expected that contracts for their erection would be let in the first part of 1950.

In spite of the arrival of several new pieces of dredging and surveying equipment the Marine Department again was unable to dredge on the scale required. By the end of the year no work was being done in Lagos due to the urgent necessity of opening up a clogged passage of the Niger River which opens on to the ocean.

The "Ibadan" a dredger with a 2,600 ton capacity per hour arrived in August and did some work in Lagos. The "Mole" a 100 ton (net) vessel with a hopper capacity of 250 tons was also a new addition; she is to be used in Lagos harbor for dredging off the faces of wharfs. The "Robert Hughes" of 43 tons gross, 67' long, arrived for survey work; this ship is equipped with echo-sounder type of survey mechanism and will be used on river bars. Two new oil-fired tugs of 1,600 hp., also suitable for salvage and fire-fighting operations were put into use. The "Vulcan" and "Atlas" are each 131' long, draw a draft of about 15' and weigh 500 tons gross. They are twin-screw, ocean-going, tugs and are a welcome addition to the busy harbor of Lagos. A new colliery, the "Enugu" with capacity of 4,500 tons, was also added to Nigeria's fleet in 1949.

## Aviation

The internal air communications of Nigeria which are handled by the Government-owned West African Airways Corporation increased and expanded throughout 1949. Early in the year it suffered a major setback because of the loss of an aircraft with all passengers and crew; since this was the first serious air accident to occur in Nigeria it was feared it might cause Nigerians to lose faith in flying. It also caused concern over the possible failings of the aircraft used, a DeHaviland Dove; there was no ready reason for the crash and it was felt that possibly climatic factors were greater and more serious than had been imagined. However by the end of the year the service appeared to have regained and even to have added to its previous popularity.

All urban centers and provincial capitals of Nigeria are now provided with plane service; in addition the West African Airways

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Corporation links together the four British colonies by bi-weekly flights from Lagos to Dakar. In December plans were completed to offer a service from Lagos to Khartoum where connections to the Near East are easily made. This new route was established for the large moslem population of Nigeria and West Africa who each year go to Mecca in sizable numbers.

No new international air services were initiated in 1949 but none were reduced. There were five flights a week from and to London by British Overseas Airways Corporation; Air France offered a direct flight to Paris once a week and bi-weekly service up and down the coast, KLM and Sabena stopped at Kano on their flights from Europe to Johannesburg and Leopoldville. There was no direct connection with the United States although Pan-American Airways passed through nearby Accra on the Gold Coast four times weekly on its New York to Johannesburg schedule.

## Telephones

Six new trunk lines were installed in Nigeria in 1949 making a total network of seventy-three which provides a reasonably good coverage of the country considering its stage of development. Trunk wire length now exceeds 9,000 miles. Some 667 additional telephones were installed in Lagos alone in 1949 making a total of 3,400 instruments in the capital which has an estimated population of about 250,000. The number of instruments throughout the country is placed at 6,154.

An automatic dial exchange is now being installed in Port Harcourt and there are plans for using a similar system in Lagos. Designs for the Exchange building for the capital had just been accepted at the end of the year but it was believed it would be about three years before the installation would be completed.

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## III. Development and Industrialization

### (a) Government sponsored Development Projects

Unlike private business which has concentrated its resources in industrial efforts the Nigerian Government has committed itself to development of the agricultural resources of the country. In its long range ten year plan which theoretically begun in 1945, emphasis was and is placed on better facilities for medicine and education; better and more water supplies; roads; and other basic services so necessary before real development can begin.

In these plans, which are jointly sponsored by the British and Nigerian Government, Nigeria has made some progress but as throughout the rest of the Empire progress has been retarded because of shortage of trained personnel and materials. By the end of 1949 Nigeria was at least a year behind schedule; certain projects had been scrapped altogether and new ones substituted in their place. Important as this £55,000,000 Development and Welfare Program is it represents an expenditure of not quite £2 per person over a ten year period. It has been remarked that even if it were possible to accomplish the entire ten year program over night no great changes would be noticed.

Realizing this and also the desperate need for improved conditions the Government has decided to utilize additional funds that are now at its disposal to develop and improve the basic industry of Nigeria: agriculture. With profits realized during the war and thereafter by the various Marketing Boards it has been determined to assist those areas where the crops were farmed which provided the profit to the Boards. For broad general purposes these have been divided into three regions which correspond to the three Provinces, North, East and West. In the Northern Provinces are grown peanuts and cottons, the East produces palm produce and some cocoa; and the West mainly cocoa.

For the general development of agriculture and the farmer of the Northern Provinces the oilseeds and the Cotton Marketing Board have granted nearly £2,000,000. So far three plans have been approved; one is for the establishment of a pool of tractors and other farm machinery which will be used throughout the region mostly for opening new acreage. A second plan is to promote more growth of rice. Both of these schemes will have as their aims more food for the local population. The third scheme to be approved is for a five year plan to distribute free a generous supply of superphosphate pellets which it is believed will greatly restore deficiencies of the soil and in addition bring about as much as one third increased yield per acre. This project is primarily aimed at added exports of peanuts and cotton but it wi also be used on local food crops such as Shorgum and Corn. It is

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planned to subsidize the use of this artificial fertilizer for only five years after which it is hoped the success will be so marked and noticeable that the farmers will purchase it themselves.

There are also plans for the resettlement of relatively small groups of people from barren, unproductive land to now unused but good soil on which both food and export crops can be grown. It is planned to give each adult male 18 acres for himself and to provide him with seeds to begin his farming. The plan has been concentrated on moving the so called Pagan tribes of Jos Pleateau where the soil is particularly unproductive and bare but because of the conservative nature of these people, ancestor worship and a distrust of new things, the plan has so far not been a noticeable success.

To the Eastern Provinces The Palm Produce Marketing Board has been able to allocate £1,600,000; this money was only turned over late in 1949 so plans have not yet been finalized and approved but preliminary indications are that it will be decided to purchase additional Pioneer Oil Mills and Hand Presses. It is believed a higher quality palm oil will be the only salvation of Nigeria's palm produce industry and the substitution of mechanization for the hand methods now generally used is thought the only way to accomplish this end.

There are plans to start scientifically run palm plantations using high-bearing, cultivated trees. There is also talk of beginning plantations of cocoa trees in the Cameroons area but nothing definite has yet been decided.

The recent riots in this area and the general disturbed political situation make new development in this region both an urgent and delicate matter; it is believed therefore that plans will of necessity proceed very carefully for the Eastern Provinces.

In the Western Provinces the main export crop is cocoa; the Cocoa Marketing Board has spent nearly £1,000,000 on the eradication of swollen shoot disease, research on cocoa cultivation, and on the education of cocoa farmer's sons, preferably in agriculture. There will also be money spent in improving or building roads over which cocoa is transported.

A semi-Government sponsored and financed project is that under the control of the Colonial Development Corporation. This is a 30,000 acre mixed farming scheme located at Mokwa in Niger Province. The land being used is virgin. There are three crops to be rotated, a cereal, an oilseed (probably to be peanuts) and a grass which will enrich the soil. By the end of the year, after six months work, about 1,000 acres had been cleared of trees and stumps and 80 acres ploughed for planting. By March or April when crops are generally sown in that area it is hoped there will

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be 4,000 acres ready. So far the £450,000 scheme is up to schedule. Mechanization is being used for heavy clearance.

If this scheme is a success it is believed that the Corporation will be favorably disposed to consider similar schemes throughout the country possibly on an even larger scale than the one at Mokwa. So far the scheme has met no pronounced hostility from local residents nor has it aroused any adverse comments from the press.

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(b) Commercial Industrialization

Several new factories and industrial establishments which were started soon after the war were completed in 1949. Prominent among these were the new cigarette manufacturing factory in Ibadan; the brewery in Lagos; and the peanut oil expressing plant and a modern tannery in Kano. In addition the Plywood Mill in Sapele which opened late in 1948 had its first full year of actual production. All of these establishments should make important contributions to the growth and development of Nigeria's economy; it would appear to be a healthy sign that all of these factories are well scattered throughout the country so that no one area is to outstrip the others in industrialization.

All of these factories represented investments by private business; in each instance the money came from large general trading companies which have been established in this area for a considerable period of time. They represent an expansion and new sphere of activity for these companies which largely dominate the economy of West Africa. Each of the factories contain the latest machinery and technical advances known at the time they were planned. Their success will be eagerly studied and it would seem likely that upon their outcome much will depend as to the amount of capital that will be invested in Nigeria. These modern factories represent a new departure for this part of Africa; until now general trading - buying raw materials and selling imported finished goods - was the degree of economic activity. These new factories require well-trained operators which at the moment are mostly Europeans; it is part of the basic plan that Africans are to be trained as quickly as possible to take over many of the functions now performed by Europeans. If this plan is not pursued indications are that not only will it be politically unwise but it will also be economically unprofitable. In one of the new factories which employs over fifty Europeans as technical operators it has been determined that because of high costs of production it is impossible to compete with similar factories operating in Central Europe. The training of skilled operators is undoubtedly the greatest single problem that must be faced; as for the effects of the damp, tropical climate on materials and machinery considerable experimentation and surveys were made before the projects were approved and no unanticipated difficulties have arisen.

The new cigarette manufacturing factory in Ibadan erected by the British-American Tobacco Company represents an expansion of that company. Its old factory was unable to meet increased production demands hence a new factory was believed necessary. Because of the dollar source of much of Nigeria's tobacco and the high customs duties on imported manufactured cigarettes the only way to produce enough inexpensive cigarettes for the Nigerian market was deemed

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Nigerian needs and those of the United Kingdom. Under an informal arrangement with the two Governments 10 percent of production remains in Nigeria and the balance goes to the United Kingdom. A similar arrangement has also been agreed to with the sawmill production.

The peanut oil-expressing plant recently opened in Kano represents a new departure for the peanut industry of Nigeria. Heretofore all oil expressed has been done by the farmers usually for personal use in cooking. The new mill, with an annual production of about 3,500 tons, is endeavoring to distribute the oil in tins throughout Nigeria. The mill is also anxious to export some oil but the Government is not willing to permit any substantial quantities to leave Nigeria. Tentative plans have been given to export 450 tons early in 1950. The plant is a modern one equipped after three processings to extract oil with a Free Fatty Acid content of only 3%. It is understood that another firm is anxious to erect a similar mill also in Kano.

The impact of these various industrial projects on Nigeria's economy will be watched with interest. The country is too large for these few industries to have any profound effect in themselves but if they prove successful and profitable there is little doubt but that other big companies will wish to erect similar establishments.

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## IV. Foreign Trade and Commercial Policy

### (a) Import - Export Trade

Most statistics concerned with the value of Nigeria's import or export trade are misleading; this is particularly true of the value of her exports. In 1948 these were valued at £37,000,000 and in 1949 it is believed they exceeded £57,000,000. There is no doubt that there was a substantial increase in the money earned through exports but part of this new high is due to a more realistic set of figures than has heretofore been used.

It is believed that imports in 1949 were about £61,500,000. The £57,500,000 estimated as the value of exports though the highest ever is still believed quite conservative. The majority of both imports and exports came from and went to the United Kingdom, as is customary. Estimated major imports for 1949 came from the following countries:

44,000,000 per by Tel. call from d.f.

| | |
|---|---|
| United Kingdom | ~~£64,400,000~~ |
| Japan | 4,800,000 |
| Germany | 4,100,000 |
| Italy | 2,400,000 |
| United States | 1,900,000 |
| Holland | 1,150,000 |
| Belgium | 1,150,000 |

Major purchasers of Nigeria's exports were:

| | |
|---|---|
| United Kingdom | £44,000,000 |
| United States | 8,500,000 |
| Holland | 1,900,000 |

Most of America's £8,500,000 is attributed to cocoa which was purchased early in the year so for the dollar equivalent this figure should be converted at the rate of $4.03 to the pound.

The goods Nigeria purchases from the United States are subject to strict Government control; only those items considered essential to the economy and believed elsewhere unobtainable were considered for purchase. In 1949 the following broad groups of goods were purchased at approximately the given evaluation:

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| | |
|---|---|
| Mining and timber machinery | $ 400,000 each |
| Flour (9270 tons) | 1,280,000 |
| Tractors (above 40 hp) | 240,000 |
| Light trucks and Station Wagons | 536,000 |
| Spare parts for automobiles | 660,000 |
| Casks and drums for Palm Oil | 124,000 |
| Typewriters | 4,000 |
| Unmanufactured tobacco (£240,000 for light leaf to be used in manufacturing cigarettes £400,000 for dark leaf for use in pipes and chewing) | 2,560,000 |
| Miscellaneous .... ... .... | 72,000 |
| | $6,276,000 |

These items total slightly over the aim of $6,000,000; it is believed by Import Control Authorities that this figure represents the absolute minimum dollar needs of Nigeria and that in spite of the higher price to be paid in sterling because of the new rate of exchange the quantity of these goods cannot safely be reduced.

Figures obtainable in Nigeria indicate that about £8,500,000 worth of goods were sold to the United States during 1949. Most of this was accounted for by cocoa alone which was sold before devaluation so that in dollar value it is probably safe to assume that there was realized at least the same quantity of dollars as in 1948 which was slightly in excess of $31,000,000.

Certain statistics regarding major imports and exports for 1949 are given in Appendix II.

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(b) Commercial Policy

During the year under review nearly all controls over exports and imports were removed. Rationing of gasoline was abolished in June and most controls over prices were also discontinued. A major form of control over all purchases of goods from hard currency countries was continued and after the announcement of Great Britain's severe dollar shortage in the second half of the year these controls were even more strictly enforced. There were evidences of a new interest in increasing exports to dollar countries but the program was slow in being started.

In September, after devaluation of the pound, a form of persuasive price controls was initiated in an effort to avoid a rise in prices as long as possible. The price of gasoline, sugar and flour was affected almost immediately but no form of rationing was re-introduced or appears to be contemplated.

Every effort was made to maintain food supplies at low prices for the indigenous population particularly in the larger cities where sudden scarcities are apt to occur. Several large industries and companies undertook to supply their employees with basic foodstuffs at cost price which insured low prices and a constant supply.

During the year negotiations were conducted between the various Marketing Boards and the British Board of Trade for the exclusive sale of certain major crops for the next three years. Prices were to be established by negotiation at yearly periods and the Marketing Boards were able to obtain minimum levels which must be maintained regardless of the world market. Crops now controlled by the policy include palm kernels and oil, peanuts and other oilseeds, exports of all bananas and cotton, under separate agreement, also are sold only to the United Kingdom. Voluntary agreement with exporters of timber and hides also specified a certain percentage of exports to the mother country, the percentage being 100% for hides. These agreements affecting timber and hides were abolished at the end of the year.

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## V. Finance

### (a) Money and Banking

The opening in Lagos of the British and French Bank (for Commerce and Industry), a subsidiary of the Banque Nationale Pour le Commerce et l'Industrie was the major event in banking in Nigeria during 1949. It reflected the growing commercial intercourse between the French and British West African colonies and also the growing economic development of Nigeria. The new bank was not unwelcomed by the established British banks since it was believed there was room for the new institution. It was thought the new bank would be slow in getting established but its eventual success seemed insured.

In contrast to 1948 when the quantity of money in circulation jumped from about £24,500,000 to over £31,000,000 throughout 1949 there was but a slight increase over the £31,000,000 in use at the beginning of the year. This lack of an increase in a period of considerable economic activity was partially explained by the enormous jump in the last months of 1948 and also by the drop in prices paid for cocoa to the producer by the Cocoa Marketing Board.

Practically all the large trading companies are financed in Europe and thus do not depend on Nigeria for funds. The majority of loans and notes negotiated in the country involve Nigerians and are on such a modest, petty scale that they are more accurately described as usury rather than credits. This practice is wide spread but still small in quantity and in no way reflects the general economy of the country.

Most Nigerians keep their savings in the Postal Savings Bank as much because the rate of interest is slightly higher than in commercial institutions as well as because there are branches throughout the country. At the end of 1948 there were £2,386,600 on deposit which by the end of 1949 had increased to £2,677,800.

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(b) Customs Tariff Legislation

At the March session of the Legislative Council certain changes in the Nigerian tariff schedule were effected. Some slight reductions were made to the enormous increases imposed on hides and skins in 1948; increases were imposed on imports of unmanufactured tobacco and manufactured cigarettes and a small excise duty was added to one in effect governing domestically manufactured cigarettes. The export duty on peanuts was increased from £2-10-0 to £3-6-0 the ton and a duty was imposed for the first time on the exports of peanut oil and cake: £9 a ton for the oil and 10 shillings the ton for cake. Other major exports affected were palm kernels (from £2 to £3 a ton); on palm kernel oil cake, heretofore free, a duty of 10 shillings a ton was imposed and on palm kernel oil the duty was upped from £2 a ton to £7-10-0. The £3 a ton duty on palm oil was increased to £4-10-0; tin or tin ore was increased from 6 shillings and 8 pence to seven shillings and 8 pence the ton. Sheanuts which had remained free were added to the schedule and a duty of £2-0-0 a ton imposed. A slight reduction on the export duty of cocoa beans was effected.

The Company tax was at the same time increased from 7 shillings 6 pence to 9 shillings per pound of profit. This increase was expected to provide the Government with £400,000 additional revenue but actually some £700,000 was realized.

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(c) Government Finances

The increased activity in the general economy of the country resulted in unexpectedly high Revenue Returns in the 1949/50 financial year which runs from April 1 to March 31st. The major increase in revenue was derived from customs duties: some £1,300,000 additional from import duties and £170,000 from duties on exports. Revenue from Company tax was £700,000 some £300,000 over estimates, and to cap this series of good fortune the country received a £240,000 unexpected "gift" from the West African Currency Board because of certain readjustments of accounts. It was believed that by March 31, 1950 there would be a surplus of Revenue over Expenditures of about £1,500,000. It had been estimated that total revenue would be about £24,000,000 but as the year drew to a close it appeared that £30,000,000 was the more likely estimate.

Carrying charges on Nigeria's National Debt is sufficiently large to preclude any further large scale loan and thus the source of additional funds to finance more growth and expansion poses a large question. No ECA money has come to Nigeria except in the form of a few surveys but speculation and discussion about Point IV help was more sanguine and indications were that such assistance would be welcomed.

During the 1949/50 fiscal year two considerable loans were negotiated. The 6% 1949/79 loan and a 5% 1950/60 loan together amounting to over £10,000,000 were redeemed in a joint operation with the exception of £3,000,000 which was converted into a 3% loan maturing in 1957/77; a loan of £2,700,000 at 2 7/8% was also floated; the money was advanced by the Cocoa Marketing Board. The Government felt quite satisfied at the low rates obtained. As a result of these operations the Public Debt of the country now stands at about £17,500,000.

C. Porter Kuykendall
American Consul General

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Enclosures: 1/1

Appendix I. - Exports of cocoa by Country of Destination, 1949.

Appendix II. - Major imports and exports for 1949.

Sources:

Interviews with Government Officials and prominent businessmen throughout Nigeria
Governmental reports
Nigeria Gazette
Nigeria Trade Report
Newspapers
Periodicals

Copy to Office of the Administration's Special Representative, Economic Cooperation Administration, % American Embassy, Paris.

Copy to American Embassy, London.

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Enclosure No. 1 to Despatch No. 71 dated February 10, 1950 from the American Consulate General, Lagos, Nigeria, entitled "Annual Economic Report for Nigeria, 1949".

## APPENDIX I.

Exports of cocoa by Country of Destination, 1949.

| | |
|---|---|
| **JANUARY** | |
| United Kingdom | 10,544 |
| United States | 3,970 |
| Holland | 425 |
| Canada | 1,025 |
| | 15,964 |
| **FEBRUARY** | |
| United Kingdom | 8,797 |
| United States | 9,849 |
| Holland | 250 |
| Canada | 300 |
| | 19,196 |
| **MARCH** | |
| United Kingdom | 3,998 |
| United States | 2,250 |
| Holland | 600 |
| Canada | 523 |
| Belgium | 100 |
| | 7,471 |
| **APRIL** | |
| United Kingdom | 4,794 |
| United States | 3,750 |
| Holland | 275 |
| Canada | 275 |
| Czechoslovakia | 750 |
| | 9,844 |
| **MAY** | |
| United Kingdom | 3,578 |
| United States | 5,600 |
| | 9,178 |

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APPENDIX I (Cont'd)

| | |
|---|---|
| **JUNE** | |
| United Kingdom | 2,454 |
| United States | 1,500 |
| Canada | 350 |
| | 4,304 |
| **JULY** | |
| United Kingdom | 3,355 |
| United States | 2,000 |
| | 5,355 |
| **AUGUST** | |
| United Kingdom | 1,338 |
| United States | 500 |
| | 1,838 |
| **SEPTEMBER** | |
| United Kingdom | 803 |
| United States | 1,500 |
| Holland | 350 |
| | 2,653 |
| **OCTOBER** | |
| Holland | 427 |

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Enclosure No. 2 to Despatch No. 71
dated February 10, 1950 from the
American Consulate General, Lagos,
Nigeria, entitled "Annual Economic
Report for Nigeria, 1949".

## APPENDIX II.

Major imports and exports for 1949.

The figures for Appendix II were not available at the time expected. The Statistics Department of the Nigerian Government promises them at an early date and they will be forwarded soonest.

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